

**RFP for MSHDA's Compliance Monitoring Rental Portfolio  
Question Set #5 - Received 09/15/2004**

Transition Period

1. Do we know how much start up time the contractor is being given from the point the contract is awarded until full implementation is expected? (A Contractor would need set up time to hire and train staff etc.)

***Contractors selected will be notified in November of MSHDA's intent to contract for services, pending Board approval. Upon Board approval, Contracts will be executed and a training workshop will be held during the month of December. Contractors selected must have the ability and capacity to begin work January 2005. It is expected that Physical Inspections and File Audits due in the month of January would be performed. Scheduling of this work would need to occur in December and MSHDA staff will assist with this effort if necessary.***

Scope of Work File Audits

2. Is the review of the Recertifications for the current cert only or is every AR/IR to be audited? or could it just be the MI and most recent cert?

***The move-in and the most recent certification are required to be reviewed. In addition, prior year recertifications must be checked for divestiture of assets. It is also recommended that prior year recertifications be randomly checked and if problems are identified, a more thorough review of each year would be needed.***

3. What reports is the CA supposed to compare to for consistency of the information?

***RFP Section 5.1, "The consistency of the information provided..." refers to the comparison of information between the development's information vs. MSHDA reports.***

4. When there is an explanation and improvement plan what are the required elements of this plan.

***MSHDA is not aware of any official required elements for improvement plans. The requirement is merely that there is a reasonable plan to address the issue.***

5. The CA is responsible for obtaining a copy of the incorrect and corrected 50059 - what timeframe is there for providing this information?

***HUD currently does not specify the timeframe for providing this information. However, it is important that payment corrections are made as soon as possible and within a reasonable timeframe. MSHDA will be creating policies and procedures in 2005 to prepare for meeting HUD's RHIP initiative requirements.***

6. What scoring system is used? there were no guidelines included - what does this entail?

***The Compliance Monitoring guidelines for scoring file audits were not included with the RFP as they are currently being reviewed for potential modifications for 2005.***

7. When the contractor is required to review a higher percentage of records how does the contractor get paid for this and at what rate.

***If MSHDA requires an additional number of files to be audited, a written request will be given to the Contractor and typically a full audit would be performed on the additional files and the Contractor's approved rate would be paid. In the event that less than a full audit is required (i.e. a minimal amount of information needs to be checked on some additional files), the Compliance Manager and the Contractor will negotiate a reasonable reduced rate that is fair to both MSHDA and the Contractor.***

8. Shouldn't the owner be required to conduct a 100% file audit when there are large numbers of files with deficiencies? If so, what will be the contractor's responsibility? Since the contractor will only be paid for files audited, will MSHDA follow-up on the files that were not audited?

***Currently MSHDA does not have a policy established pertaining to 100% file audits. However, in the past, MSHDA staff have conducted or required the Management Agent/Owner to conduct 100% file audits on an as-needed basis. MSHDA Compliance Monitoring staff will address corrective action issues on a case-by-case basis as they become aware of the issues.***

9. The results of each tenant file audit - what data is required in electronic format - is there a checklist? Is MSHDA providing an electronic format?

***MSHDA does not currently provide an electronic format for file audits, therefore an Excel, Access or other compatible software may be used. However, programmers are currently in the process of creating a web interface for entering this summary data directly into MSHDA's integrated database. It is anticipated that this interface will be available in early 2005, but may not be available when the file audit Contractor(s) begin work in January 2005.***

***MSHDA does have a format for the Audit Report. This format will be provided to selected Contractors.***

***The following summary information is required to be reported to MSHDA in an electronic format for each file audit performed:***

- ***unit #***
- ***resident name***
- ***building identification # (BIN) or address***
- ***description of each deficiency***

- **date out of compliance**
- **date back in compliance**

**MSHDA does have a file audit checklist, which the auditor must complete for each audit performed.**

Scheduling:

10. Timeframe specified by the Authority for performing audits - is there a master list or how will this be handled?

**MSHDA will provide a list of the developments and their file audit due dates.**

11. Is LIHTC the only type for physical and file audit within 30-days of each task?

**LIHTC is the only program that has this requirement.**

Workshops:

12. Workshops provided by the Authority - how often and what would be required at these workshops?

**The schedule and quantity of MSHDA workshops for the training of selected contractors has not yet been determined, as this will largely depend upon the specific needs of the Contractor(s) selected. The Contractor(s) principals and key staff are required to attend these workshops.**

13. Would the training provided by the annual MSHDA/MMAM/EPS/HUD conference be acceptable for annual requirement?

**This question appears to be regarding RFP Section 5.7 #2, "All contractors must attend trainings on HUD Handbook 4350.3, Occupancy Requirements of Subsidized Multifamily Housing Programs on an annual basis." Depending on the content of the MSHDA/MMAM/EPS/HUD conference for 2005, this training may be determined to be acceptable to meet the annual training requirement.**

CNA:

14. Will MSHDA provide copies of all CNAs?

**Yes, MSHDA will provide a copy of the CNA report to the Contractor assigned to that particular development.**

15. Will MSHDA provide a list of CNA issues that MSHDA wants the contractor to address?

**Training on CNA reviews will be provided to physical inspection contractors by MSHDA and is tentatively scheduled for December 6, 2004.**

16. In following up on CNA issues, does MSHDA simply expect the contractor to perform a visual inspection or does MSHDA expect a review of invoices, work orders etc (example for appliance and other replacement items scheduled in the CNA)

***Training on CNA reviews will be provided to physical inspection contractors by MSHDA and is tentatively scheduled for December 6, 2004.***

17. If the CNA work that was supposed to be done was not done, does it require a finding and how much time does the owner/agent have to correct them?

***If the CNA work that was supposed to be done was not done, the Contractor is responsible to report that finding, as well as their opinion of the urgency for the particular work to be completed. In other words, since the CNA is a guideline of work to be completed and the timelines provided in the CNA are projected for the future, it is possible that the need for the work may be required either later or earlier than the date originally projected.***

What does review consist of? Do you need to inspect all items? Does MSHDA have a checklist?

***Training on CNA reviews will be provided to physical inspection contractors by MSHDA and is tentatively scheduled for December 6, 2004.***

18. How is the contractor paid on the CNAs? There will presumably be units and common areas and major capital items that are covered in the CNA that are not covered in the units in the work order (basis for fees), how will the contractor be paid?

***The Contractor will be paid based on the per unit cost identified in the Proposed Fee Schedules (2005 and 2006). If a higher cost per unit will be charged for physical inspections with CNA reviews, this cost per unit fee should be documented as follows in the Summary Section (Page 4) of the Proposed Fee Schedules (2005 and 2006) as shown below. The estimated number of CNA reviews was not provided in the RFP, therefore, calculating the "Amount" is not expected.***

## **PROPOSED FEE SCHEDULE for 2005 Compliance Year**

### **SUMMARY OF PROPOSED FEE SCHEDULE**

	<b>Amount</b>	<b>Describe</b>
1 <b>Total (a)</b>	<b>\$0.00</b>	
<b>Additional Fee, if</b>		
2 <b>any</b>		<b>Physical Inspection w/CNA Review-Cost per Unit: \$_____</b>

CODE VIOLATIONS:

19. Determining suitability for occupancy: if there are violations the entity that issued the violation would need to inspect and say work was okay ... how would the contractor be able to verify that they are suitable for occupancy?

Will MSHDA provide a list of code violations? Would the contractor be expected to request the owner/agent to submit a list of code violations? IF not, what is MSHDA's expectation as to how the contractor will know of what violations exist? If the contractor is required to verify this information what matter of verification will be required.

***Management Agents/Owners of LIHTC properties have always been required to submit code violations received to MSHDA along with the Annual Certification. However, MSHDA rarely, if ever has received this documentation. Perhaps this is because code violations rarely occur. Verification of the existence of any code violations and the physical inspectors opinion of the condition of the item(s) in question is important information MSHDA needs to know.***

Reinspections:

20. Need more explanation of what authority is looking for on reinspection – on one part of the RFP, it says for MSHDA financed properties but in another part it is for tax credit properties and HOME financed. Which is it for?

***Reinspections of developments will only be performed when authorized by MSHDA. If MSHDA staff becomes aware of the need for this type of inspection any development in the MSHDA portfolio could be authorized for a reinspection.***

If a reinspection is mandated by MSHDA, would the contractor be paid the same fee per unit?

***The proposed reinspection fee should be included in the Summary Section (Page 4) of the Proposed Fee Schedules (2005 & 2006) as shown below. Since the estimated number of reinspections was not provided in the RFP, there is no need to estimate an "Amount" for this item.***

## PROPOSED FEE SCHEDULE for 2005 Compliance Year

### SUMMARY OF PROPOSED FEE SCHEDULE

	Amount	Describe
1 Total (a)	\$0.00	
2 Additional Fee, if any		Reinspection Fee - Cost per Unit: \$ _____

21. The RFP talks about reinspections for common areas, heating and ventilation etc. How will the contractor be paid on these?

***This question was answered under question #20.***

22. How often, based on history, could re-inspections be requested?

***Historically, reinspections were done on every MSHDA core portfolio development, every year (approximately 400 developments). However, not all of the core properties require a reinspection every year. Therefore, beginning January 2005, MSHDA's policy on reinspections will change. Reinspections will only be performed for developments on an as-needed basis, and the request for reinspection will be authorized in writing by MSHDA. Selected Contractors receive a list of developments that need reinspections in 2005.***

Meetings and Trainings:

23. How often is contractor required to meet with MSHDA for workshops and periodic meetings for familiarity with state policies, and to review work progress and inspection results.

***The schedule and quantity of MSHDA workshops for the training of selected contractors and the frequency of meetings has not yet been determined. This will largely depend upon the specific needs of the Contractor(s) selected and their familiarity and experience with MSHDA policies and procedures.***

24. Could use additional clarification regarding the training. Who would be required to attend, length of training, type of training acceptable etc.

***This question appears to reference RFP Section 6.11, #2, Attend Training on UPCS, HQS and MSHDA ("UPCS Plus") requirements. All individuals who will perform physical inspections under the MSHDA contract must be trained in UPCS. Contractors who perform UPCS Plus type inspections will also require at least one MSHDA UPCS Plus training as well.***

25. MSHDA requires HUD certified training annually for the file audits ... does this mean that a person performing file reviews has to attend a HUD occupancy training course annually and receive an annual certification. If not, what qualifies as annual training by HUD.

***In the past, MSHDA has required documentation of annual HUD certified training, since HUD rules and regulations change frequently and it is critically essential that Contractors obtain this updated information. If the Contractor(s) selected are able to prove to MSHDA that Annual Certification of training is not necessary,, MSHDA is open to discuss this with the Contractor(s) selected.***

Contract Term:

26. Given the system and other requirements, is the maximum term under the contract is only for two years (one year and one option year)?

***Yes, the maximum Contract term is currently one year and the Authority may extend the Contract for a second year.***

OTHER QUESTIONS:

27. Section 5.1 Scope of Work (4<sup>th</sup> to last bullet) "If the percentage of vacancy is 10% or higher, obtain an explanation and improvement plan for addressing the vacancy issue". Would our fees/incentives be dependant on our success when it would not be under our direct control?

***There are no incentives in the Contract. Contractor fees are not dependent or related in any way to the number of vacancies or the vacancy improvement plans at any development.***

28. Section 5.2 Scheduling Audits; Could the contractor be involved in the audit Scheduling process?

***Section 5.3, #1 states that "The Contractor will Schedule Tenant File Audits...". Due dates for the audits are based upon the previous audit and deadlines must be met. If scheduling conflicts arise in meeting the pre-determined deadlines, the Contractor must bring the issue to the attention of the Compliance Manager.***

29. Section 5.2 #3; The only way we see this working smoothly is if the same contractor did both the physical and file audits for the property. Is there a good reason why both audits would have to be performed within 30 days of each other? If not, possibly this requirement could be dropped or relaxed.

***Section 42 of the Internal Revenue Code requires that audits and inspections be performed on the same units/residents. This is not always possible due to tenant turnover. However, the best way to meet the requirement is to minimize the time that elapses between the inspection and audit dates. MSHDA's policy requires the audit be performed no later than 30 days after the inspection. Therefore, some flexibility in the timing is possible, if absolutely necessary. MSHDA will assist in facilitating this effort by providing the information necessary for coordination.***

30. How much notification time will the contractor get for scheduling of the properties.

***It is MSHDA's intent to provide the Contractor(s) with a report of all the developments to be inspected and their due dates, so the Contractor can prepare a Workplan included a proposed schedule for the entire year. Corrections, additions and deletions to this report will be provided as changes in the Contractors portfolio occur.***

31. What is the correction time period for the owner to complete the response to the file/physical review.

***Physical Inspection Reports are due to Management Agents/Owners in 30 calendar days and responses from Management Agents/Owners are due in 30 calendar days.***

32. How will MSHDA pick counties and numbers of units to be reviewed each month.

***Audits and Inspections are based on the previous audit or inspection date and the required frequency. This information will be provided to selected Contractors for each development they are assigned. MSHDA may select specific units to be inspected or files to be audited.***

33. For Tax Credit properties - if a contractor bids only on the file audit portion how is the coordination between the physical contractor and the file contractor going to be handled so that the file audits and physical are completed within the required 30 days of each other.

***MSHDA will provide the information necessary to facilitate the coordination of the timing requirement for the inspection/audit.***

34. Can the 20 business days to complete the report negotiable to a standard 30 days.

***The differences between 20 business days to complete vs. 30 calendar days can be discussed with Contractor(s) selected.***

35. The time period for the Section 8, 236 and bond property file audits is every 18 months and Physical is every 12 months. Can the contractor complete the file audits and physical every 12 months and be paid as such or is MSHDA only going to pay every 18 months for file reviews.

***File audits are not required on an annual basis, therefore MSHDA will not pay for audits on an annual basis.***

36. How often will the contractor be required to attend MSHDA Workshops for training on the file audits.

***The schedule and quantity of MSHDA workshops for the training of selected contractors and the frequency of meetings has not yet been determined. This will largely depend upon the specific needs of the Contractor(s)***

37. Will MSHDA be providing to the contractor the last physical inspection performed by MSHDA along with any code violations.

***Copies of code violations will be provided to the assigned Contractor. The last physical inspection performed will be available to the assigned Contractor via the MHI System access.***



38. Will the timely completion of the findings from the file audits and physical inspections be a premium management fee incentive/disincentive.

***Yes, timely response and correction of file audit findings and physical inspection deficiencies will be an incentive for management agents of the MSHDA core portfolio developments in 2005.***

39. What will the contractor be required to provide to MSHDA in the review of a Capital Needs Assessment CNA.

***The specific requirements of the CNA review will be provided to selected Contractors at the December MSHDA training.***

40. What are the "additional MSHDA requirements" to the UPCS or what is UPCS Plus.

***MSHDA has always had a different type of physical inspection that is a higher standard than the UPCS requirements. The new "UPCS Plus" inspection will be based on the UPCS standards and report, but will include additional MSHDA requirements.***

41. When would a re-inspection be required by MSHDA.

***Reinspection of developments will be required when MSHDA identifies that a problem has a history of major physical issues. Reinspections may be identified and requested at the beginning of the Contract period or could become needed as a result of unacceptable physical inspection results.***

42. What if the owner is unwilling to cooperate with the requested inspection dates.

***Most Management Agents/Owners are cooperative with inspection dates. The MSHDA Compliance Manager will address specific issues with Management Agents/Owners on a case-by-case basis as issues arise.***